

ArcBITS Newsletter

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ArcSys Hot Tip

Hmm...

5 MONTHS LEFT UNTIL ICD-10 CUT-OVER!!

You can cycle through the choices in a pull down list by typing the first letter of your choice. If you were looking for a list of states that started with M, just repeatedly press the M key until the state you are looking for appears. Skip past the state you wanted? Press the up-arrow key.

Healthy Accounts Receivable

The End of Cycle Aging Report has gone through a re-design and now contains additional information to assist in determining the well-being of your business. Hopefully, you will find these new features to be beneficial. The basis for these changes came from a seminar provided by Zirmed and Deborah Keegan of Medical Practice Dimensions, Inc. (MPDI).

As a reminder, there are three ways Red Planet aging can be computed: Balance Forward, Claim Date, Service Date. Balance Forward is in "favor" of the patient. That is, credits are applied to the oldest charges. The report tends to make things look more current. Claim Date re-ages things based on when the claim was last sent. Service Date shows the aging as things are. You need to decide which method makes the most sense for your business, and then stick with it. Consistency in aging strategy is critical.

In addition to these 3 aging techniques, there are *3 new summary reports* that are included at the end of the report.

- The first is called "Non-credit". This summary report adds back the credits into the aging. Excessive credits can skew the aging and this strategy helps re-establish the accuracy of aging.
- The second is called "Insurance". This summary shows what is due from insurance and has credits added back into the aging.
- The third is the "Self-pay" and has credits added back into the aging.

There are *four Billing Metrics* that are included on the summary page. (Please note, the ratings of "good" or "average" are subjective terms established by MPDI.)

- The first is the percent of non-credit a/r over 90 days and has four scores: < 10% is exceptional, 11-15% is best practice, 16-25% is average and over 25% is cause for concern.
- The second is Days Out and it has three scores: < 35 days is good, < 46 days is average, and over 46 days is cause for concern.
- The third is called the Adjusted Collection Rate and it has three scores: < 95% is below average, 95-97% is average, and 98%+ is above average. This measure takes net collections (total real dollars received less refunds) and is divided by net charges (dollars billed less insurance *contractual* adjustments).
- The fourth is the claim denial rate and has five scores: < 3% is exceptional, 3-5% is best practice, 6-7% is average, 8-11% is below average and over 11% is cause for concern. This measure is calculated by looking at number of CPT codes that were denied (based on the description / group) compared to the number of CPTs billed. (We suspect that our methodology may need some refinement as this software release is deployed.)

The sample report on the following page has utilized color to draw your attention to some of the new features.



Sample Aging Report



ACCOUNTS RECEIVABLE AGING - - TRIAL RUN
 STATEMENT RUN AT 12:23:43 21 APR 2015 - - 4 TEST.AR
 FOR PERIOD ENDING 30 APR 2015
 PAGE 1

<-----ACTIVITY-----> <-----AGING----->
 BALANCE DEBITS SERVICE CREDITS ENDING OVER 150 120-150 90-120 60-90 30-60 CURRENT
 FORWARD CHARGE BALANCE

624,987.55	0.00	429,288.98	57,181.59	13,454.30	23,879.27	62,727.53	212,573.90	59,472.39
69,548.20	265,246.77							
		XXX						
		465,450	76,435	15,252	25,785	66,575	212,099	69,304
		16%	13%	3%	6%	15%	50%	14%
		361,388	25,862	7,385	12,706	51,295	198,414	65,727
		7%	16%	3%	6%	14%	46%	15%
		83,486	43,030	6,410	9,782	11,953	12,046	266
		52%	7%	2%	4%	14%	55%	18%
				8%	12%	14%	14%	0%

Non-Credit Accounts Receivable
Insurance Accounts Receivable
Self-Pay Accounts Receivable

TOTAL ACCOUNTS :145910
 NUMBER OF ACTIVE ACCOUNTS WITH ZERO BALANCE :1013
 NUMBER OF ACTIVE ACCOUNTS WITH CREDIT BALANCE :60
 NUMBER OF ACTIVE ACCOUNTS WITH DEBIT BALANCE :3168
 TOTAL NUMBER OF ACTIVE ACCOUNTS :4241
 AVERAGE BALANCE FOR THESE ACCOUNTS :101.22
 NET CHANGE IS BUSINESS :-195,698.57
 *ACCOUNTS RECEIVABLE RATIO :1.6184
 *AVERAGE DAILY CHARGES :7174.10
 *DAYS OUT :60

* ACCOUNTS RECEIVABLE RATIO: Computed by taking ENDING BALANCE and dividing by total CREDITS. 6 mo. avg: 1.7656
 An increasing ratio could mean collections is falling behind.
 * AVERAGE DAILY CHARGES: Computed by taking the year to date charges and dividing by the number of days in the year.
 This value can fluctuate depending on the seasonal nature of the business. 6 mo. avg: 7581.83
 * DAYS OUT: Computed by taking the ENDING BALANCE and dividing by the AVERAGE DAILY CHARGES. 6 mo. avg: 135
 This ratio gives a measure as to how long it is taking to collect. If the ENDING BALANCE was getting larger each month and the monthly production was constant, then the business is taking longer to collect.
 To summarize, "good" may be quantified as a declining a/r ratio, an increasing average daily charge, and declining days out.
 Based on this criteria, for this month, the business made a score of 0 out of 3.

** BILLING METRICS **
 Percent of non-credit A/R over 90 days : 3 - Exceptional
 Days out : 60 - ALARM BELLS !!!
 Adjusted collection rate : 25% (68,064/271,566) - Below average
 Claim denial rate : 0% (1/1797) - Exceptional

This is the plot for self pay aging. It is 6 columns wide and corresponds to 150+ 120+, 90+, 60+, 30+ and current.

